

A photograph of a modern, single-story white house with a large covered patio area. The house features a mix of white siding and dark trim. In the foreground, there is a swimming pool with a glass railing. The property is surrounded by lush tropical landscaping, including several tall palm trees and other greenery. The sky is bright blue with scattered white clouds. A yellow rectangular box is overlaid in the top right corner of the image.

**RayWhite**<sup>®</sup>

# Landlord Information Guide

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# Welcome

Choosing to have your property professionally managed is a big commitment.

Historically, many New Zealand landlords prefer to go down the 'do it yourself' route, which is especially true if only one or two investment properties are involved.

While many investors choose to do this and self-manage their rental properties, they often do so without fully understanding the scope of what's involved or the very-real risks that are present if it's not done properly.

The role of a landlord or property manager these days is so much more than simply coordinating tenancies and rental payments. Legislation and compliance now play a significant role in terms of both the successful management of a tenancy, and also the consequences that come from non-compliance, or failing to meet legal obligations.

As our industry sees ever-increasing layers of compliance and legislation, you need to trust you have the right people on board, with the right skills and knowledge to keep you safe.

This guide provides a comprehensive overview of the key issues surrounding tenancy management, highlighting why a Ray White property manager is the person best equipped to help look after your needs, and keep you and your tenants safe.

Ray White understands the importance of educating those involved in the property management process to achieve better long-term outcomes for all. We've developed a series of information guides for both landlords and tenants to ensure all of our clients have access to the most up-to-date information. Talk to your local Ray White property manager if you'd like to find out more.



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# What Kind of Landlord Are You?

We understand that every landlord is unique. You're likely to have very specific needs, investment motivations and expectations of any property manager who may look after your investment in the future.

There is no such thing as a 'one size fits all' mentality when it comes to investing in property and this is what we instill in all our property managers.

Communication between all parties is key, and we believe this is one of the most important tools for us to effectively look after your investment in a way that suits you.

For this reason, we like to discuss the following questions to help us customise our service to your requirements. This helps ensure expectations are set and continue to be met throughout our working relationship.

- What is most important to you in respect of how your property is managed?
- How often would you like to hear from your property manager?
- How would you prefer us to contact you? Phone, email or text?
- Are there any chattels at the property we need to be aware of or chattels you are considering adding?
- Do you have any concerns around the management of your property, now or in the future?
- Have you ever used the services of a property manager before, and if so what did they do well and what could they have improved upon to suit your needs better?
- Do you have an investment goal or strategy?
- Are you interested in ongoing advice on how to grow your investment portfolio?
- Who would you like us to contact in an emergency situation if we are unable to reach you?
- Do you prefer a low or high level of communication from us around minor issues or updates?
- Do you understand the importance of ongoing property maintenance and how this can affect your investment return?
- Do you have a landlord insurance policy?
- Are you familiar with, and do you understand the rules around issues such as fair wear and tear, careless damage, and tenant liability?
- Are you familiar with your health and safety obligations as a PCBU under the Health and Safety at Work Act?
- Do you understand the legislative requirements that will impact on the minimum standard of your investment property both now and in the future? Are you prepared to manage these changes and any associated compliance costs they may bring?

# Your Landlord Journey

There are many different steps involved with your landlord journey, and each step can vary slightly depending on the specific process or software that an office may have in place.

A Ray White property manager should provide you with an outline of your future landlord journey and explain to you what may occur at each step, so you're aware of everything you need to know.

Clear communication and setting the right expectations is a key element to any successful relationship. We encourage you to ask questions and let us know if there is anything you're unsure of, or if you'd like us to provide further details on any of the specific steps below.



# Getting Your Property Ready to Rent

The key to achieving the best return from your investment property is to look at the whole process in a business-like manner and first ensure that your property is 'rent ready'.

Being 'rent ready' means that your investment property is clean, tidy, up-to-date, and compliant with all current regulations, before a tenant is placed.

Not only does this help to remove any unnecessary delays and costly vacancy periods, but it can also help secure greater levels of tenant demand, and stronger rental figures.

**We ask that you consider the following questions when looking to purchase a new rental property, or preparing to hand one over for professional management:**

## Would your property be considered 'reasonably clean'?

The Residential Tenancies Act 1986 (the Act) requires a property to be provided and left 'reasonably clean', however, this can mean vastly different things to different people. For this reason, we prefer to help set high expectations and standards for both our landlords and tenants in order to achieve better long-term outcomes. This includes recommending that all properties are professionally cleaned prior to advertising.

## Does your property meet the expectations of the market?

Think about how your investment compares to those currently available and how this aligns with your own price expectations. Do the features and benefits of your property stack up against the competition and target market for the area in which it is situated?

## Are all appliances, fittings, fixtures & chattels in good working order?

Possibly, one of the most common areas of surprise for landlords is the amount of maintenance that is required in the initial stages of a tenancy. This is often caused by a lack of understanding around what is legally required.

Any chattel provided with the property must be in working order. This can include such things as: oven, dishwasher, fridge, door handles, window handles, garage doors, taps, wardrobe doors, incinerators, alarms, drainage, clotheslines, light bulbs - the list goes on. Ensuring this is done prior to the start of a tenancy can save you time and money.

## Are the grounds & gardens well maintained, or at the very least usable?

Unless otherwise stated, general lawn and garden maintenance is the responsibility of the tenant. Ensuring these are well-maintained throughout the initial viewing process helps secure the best possible tenants and sets the standard for ongoing maintenance.

## Does the property comply with current regulations and laws?

As legislation and compliance continue to have greater influence on a landlord's obligations it's crucial to ensure that the right boxes are ticked before a tenancy is even in place.

Landlords must consider not only their requirements in relation to the state of the property, but also the detailed reporting that is now needed in every tenancy agreement to prove that it complies.

Before possession of the property is granted and a tenancy is signed, landlords need to be compliant in a number of areas in order to prevent unnecessary fines, or delays in a tenancy starting. These issues can include, but are not limited to:

- Insulation
- Smoke Alarms
- Healthy Homes Standards
  - Heating
  - Insulation
  - Ventilation
  - Moisture and drainage
  - Draught stopping
- Landlord Insurance
- Methamphetamine
- Building Code and Council Consents

We recommend landlords consider speaking with a Ray White property manager before looking to purchase any new investment property, or if you are thinking of bringing one to us to manage.

Early communication can help us to assist you in preventing delays around important requirements - especially as these delays will only lead to excess costs and reduced rental returns for your property.

For greater detail on the legislation and compliance issues affecting a rental property, we recommend landlords view the 'Property Management Legislation' section on page 19 .

You can also request a copy of our free 'Landlord Compliance Checklist & Best Practice Guide' from your Ray White property manager, designed to help you assess your current situation.



# The Property Management Process

## Legislative compliance

One of the first steps in the property management process is to ensure you are up-to-date and aware of the many layers of legislation that you must comply with. Generally speaking, these relate to minimum standards placed on the property being made available for rent and can impact your requirements around heating, insulation, ventilation, smoke alarms and more.

As a landlord, you must also ensure your property is safe, fit to rent and approved by your local council for longer term habitable accommodation. For more information see our legislation section of this guide (page 19).

## Setting the rent

Our goal is to help you capitalise on your investment and ensure you receive the highest possible market rent.

**We look at many important factors when advising our landlords on a suitable rental figure, including:**

- The number of similar properties currently available and how this will affect demand
- The advertised prices of comparable properties and how long these have remained available
- Current rental demand and external factors that may affect demand during the advertising process
- Statistical data such as rental statistics, released through the Ministry of Business, Innovation and Employment.

Rent reviews should ideally be conducted every 12 months or so to ensure rent is kept at market levels. Landlords are notified of our advice in respect of any rent review before adjustments are made. The choice to update an existing rental figure is ultimately at the discretion of the landlord.

If a rent increase to market level is agreed upon, tenants must be provided with no less than 60 days' written notice. Any rent increase during a tenancy can occur, at most, once every 12 months, and an increase cannot occur within 12 months of the tenancy start date, or within 12 months of the last increase.

## Marketing your property

We put a strong focus on securing the highest quality tenants for our landlords through the use of proven marketing techniques and rigorous tenant selection procedures. This includes promoting your property through the following marketing channels:

### Internet

Advertising your property online allows us to reach potential tenants on a 24/7 basis. Furthermore, if a current tenant gives notice to vacate we are able to display your property online almost immediately, maximising exposure to the market and minimising vacancy periods for our landlords.

**Your rental property is advertised on the following sites:**

- Trademe.co.nz
- Realestate.co.nz
- Raywhite.com
- Raywhite.co.nz (and local office website).

We can simultaneously load your property listing onto a minimum of four different online portals. In some cases (such as TradeMe), the property is advertised online within minutes of being loaded into our advertising platform. This gives us a distinct timing advantage because with some businesses this process often takes anywhere from 12-24 hours.

## Rental listing brochure

Many offices still use a weekly 'For Rent' brochure with great success. This includes photos and information about properties currently available. It is displayed prominently in the office for prospective tenants, and walk-in enquiries.

### Tenant databases

We ensure the details of any high-quality applicants are kept and added to a prospective tenant database so when a new property becomes available a tenant and property can be matched immediately.

By having access to this database we can minimise vacancy periods.

### Walk-in enquiries & referrals

The size of our national network and our reputation in the marketplace means that we receive a large number of walk-in enquiries at our various locations.

With more than 140 offices in New Zealand currently providing property management services, prospective tenants can easily speak with a property manager in person, who can then suggest a suitable rental property. If the property manager does not have a fitting match, they can contact other Ray White offices in the area to help facilitate the process. This geographic reach and network of tenants greatly benefits our landlords by minimising vacancies, and therefore increasing the return on their investments.

## Tenant selection

Getting the right tenant is arguably the most important part of the tenancy process. Landlords require a tenant who is stable, respectful of the property and financially sound. We combine our considerable experience with comprehensive tenant checks to ensure any risks associated in tenant selection are greatly reduced.

**The process involves:**

- Meeting all prospective tenants at the property.
- Ensuring every applicant completes a detailed application form, including providing numerous references and emergency contact numbers. Please note that all Ray White application processes are in accordance with 2019 Privacy Commission Guidelines
- Using a comprehensive credit reporting system, available exclusively to property managers. It allows us to gain a broad overview of any particular tenant's credit and rental history, in real time
- Running prospective tenants through a full background checking system based on a similar tool used by private investigators. It provides us with access to over 90 information databases, both here in New Zealand, and abroad
- Conducting thorough checks on every applicant's history, which can include employment verification, landlord references, driver's licence details, and previous Ministry of Justice tribunal orders.

In addition to the checks listed above, our property managers also have the added benefit of skill and experience when it comes to selecting a tenant - through meeting thousands of prospective tenants every year. This exposure can prove invaluable and it hones our skill (and 'gut-instinct') in assessing prospective tenants.

## The tenancy agreement, bond & initial inspection

### The tenancy agreement

As each property and tenancy situation is unique, we do not use generic tenancy agreements. Instead, all Ray White offices utilise a specific tenancy agreement software system which adapts and changes in real-time to the many movements in legislation and compliance that we continue to see.

The use of this system provides a distinct added layer of protection for our landlords as incorrect agreements, or those that are lacking important clauses, can create major headaches, risks, and financial implications.

Landlords who wish to self-manage their property should be particularly careful in regards to the agreement templates used. We recommend you seek out the professional letting service of a Ray White property manager and take advantage of our comprehensive credit checking systems and secure up-to-date documentation packages.

### Fixed-term vs periodic

Landlords should carefully consider their long-term plans for a property, prior to signing a tenancy. This may depend on their desire for more flexibility of tenure (periodic tenancy) versus the long-term income security that comes with a fixed-term tenancy. This is particularly important when there is a possibility that the landlord may wish to sell the property in the future, or if it may be needed for the landlord or a family member to live in.

### Bond

The Act allows for a maximum of four weeks rent to be collected from the tenant as a bond against the property. A Ray White office has a responsibility to ensure that all bonds received are then lodged with the Ministry of Business, Innovation and Employment (bond centre), within the required timeframe.

## Rent collection & arrears

We understand your investment is a business transaction and loss of income can cause not only financial strain, but also personal stress. Therefore, we have a zero tolerance policy for rent arrears and do not tolerate late or missed payments by our tenants. This policy is carefully explained to all tenants at the start of the tenancy to avoid any misunderstandings that may arise at a later date.

All initial rent payments are due prior to the start of the tenancy, with automatic payments being the most common payment method to ensure the security and timing of each and every future rental payment. Rental payments are reconciled and allocated daily.

### In the event that a tenant does miss a payment, then the following steps are taken:

- We will immediately contact the tenant by phone or text to request the funds in arrears be paid right away and a 14-day notice of breach letter is issued
- If payment is not received after contact has been made and a breach notice sent, then an application is made to the Tenancy Tribunal for a mediated hearing. This will enable a monetary court order to be granted against the tenant(s) and in some cases, possession of the property will be requested.

At all times our staff are proactive in keeping on top of errant tenants. However, if you wish to find out more about an office's specific arrears policy, please contact your property manager directly.

## Inspections

To safeguard your investment, our property managers follow a systematic inspection programme, outlined below. Once a routine inspection has taken place you will be provided with a comprehensive report highlighting any maintenance or issues that may require attention.

Regular property inspections are crucial in safeguarding your property and are the most effective way of ensuring tenants are meeting their expectations - as outlined in their tenancy agreement.

### Moving in

All landlords are given a full property inspection report that is completed prior to tenants moving into the property. This initial inspection ensures the condition of the property is accurately recorded for future reference.

Ray White property managers are advised to support the written report with a suite of photos as additional documentation of the property's condition at the start of the tenancy. This information is essential in order to track the ongoing state of the property and can also be used in case of any disputes.

### Routine inspections

Routine inspections are generally carried out every three months, and not less than four times per year. Most home and contents insurance policies require a specific number of inspections to be completed annually. We advise all landlords check their policy wording and advise their property manager of the frequency of inspections so as not to void their policy.

### Moving out

When a tenant vacates a property, a detailed final inspection is always completed prior to any bond being released back to the tenant. This inspection report and associated photos are compared to all initial inspection findings and landlords are advised immediately of any possible disputes, changes, or damages that may need to be rectified.

## Repairs & maintenance

Our aim is to return as much of the rental income to you as possible, however, at times, maintenance must be carried out. This is just as true for your investment property as it is for your own home.

Providing ongoing care and maintenance to a property is in the best interests of all landlords. It helps ensure rental levels remain consistently high in relation to the market, and that quality tenants are attracted to the property.

If we do not complete required maintenance on your property in a timely manner there is a chance that smaller problems will become more serious and costly. This can also affect our obligations as outlined in the Act regarding maintenance of the property.

Repairs to your property are undertaken knowing that you have usually pre-approved a maximum disbursement level. Where possible, you will be consulted prior to any repairs and maintenance being undertaken over and above this level.

Please be mindful that in some situations 'urgent' or 'emergency' repairs, as outlined in the Residential Tenancies Act 1986, may require us to act before your permission is gained in order to ensure our joint obligations are met.

Ultimately, we will not spend a single dollar on your property without your permission unless there is a sound and justifiable or legal reason to do so.





## The end of the tenancy

When a property manager receives notification that a tenant wishes to vacate the property we will confirm the details in writing to you, clearly outlining the next steps necessary to ensure your property is tenanted as quickly as possible.

Your property will be listed as available for rent immediately unless otherwise advised by you - (see 'Marketing your property' page 12).

We will also take care of all the documentation necessary to end the tenancy and will arrange to work in with the existing tenant (if applicable) for any property viewings for new prospective tenants.

A final inspection will be carried out to ensure your property has been left in good condition, taking into consideration fair wear and tear for which a tenant cannot be held liable - see examples below.

### Common examples of fair wear and tear where tenants are generally not liable include:

- Faded curtains or frayed cords
- Furniture indentations and traffic marks on carpets
- Scuffed wooden floors
- Faded or cracked paint
- Loose hinges or handles on doors or windows, and worn sliding tracks
- Cracks in the walls from building movement
- Water stains on the carpet from rain leaking through the roof or bad plumbing.

### Damage for which the tenants may be liable

- Missing, damaged or torn curtains - either caused by the tenant or their pet/s
- Stains or burn marks on carpets
- Badly scratched or gouged wooden floors
- Unapproved paint jobs or large areas of damage e.g. from posters being ripped off walls
- Broken window glass e.g. from a flatmate or child hitting a ball at the window
- Holes in the walls left by tenants removing picture hooks or shelves they have installed
- Water stains on the carpet caused by an overflowing bath or indoor pot plants.

Once a tenant has vacated and the final inspection has been completed, we will ensure the bond refund is processed and any final deductions for rent, utilities or damage are covered.

In rare occurrences where the bond does not cover any outstanding amounts due, your property manager will lodge the debt with the Tenancy Tribunal and seek to recoup the outstanding funds through a sealed District Court order. Any associated debt collection work that may be required will also be initiated.

## Careless Damage & Tenant Liability

The RTA Amendments Act 2019 has implemented much clearer guidelines for landlords and tenants around who is responsible for damage caused through careless behaviour, as this can sometimes be an issue at the end of a tenancy.

If a tenant damages a rental property as a result of careless behaviour they will be liable for the cost of the damage up to a maximum of four weeks' rent or the landlord's insurance excess, whichever is lower.

Landlords will need to provide insurance information in any new tenancy agreement via an insurance statement. This outlines whether the property is insured and if so, what the excess amount is. The statement must also inform the tenant that a copy of their insurance policy is available upon request.

Insurance companies will not be able to pursue tenants on the landlord's behalf for the cost of damage unless the damage was intentional or the result of an act or omission that constitutes an imprisonable offence.

## Insurance

Many investors believe they have adequate cover under their current insurance policy, only to find at the point of making a claim that all is not what it seems.

Every landlord insurance policy will likely contain unique requirements and it's crucial you are aware of what these are, e.g. in a damage claim you'll likely be required to show evidence of the regular inspections you have carried out at set intervals.

It's important to ensure you have the right cover against all possible outcomes (including loss of rent, damage, abandonment etc), and often a simple extension to your existing policy may be all that is required.

Through the use of a Ray White property manager, landlords can access specific and robust insurance policies that are only available to those who use an accredited property manager. These can cover specific tenancy-related issues such as loss of rent due to arrears, tenancy abandonment, intentional malicious damage etc, as well as other benefits such as lower or less frequent excess costs than can be found in many generic landlord insurance policies.

Investors who utilise a Ray White property manager can rest assured they have access to the best possible cover for any unfortunate situation. It's just one of the many benefits that come with having your property professionally managed.

## Selling or moving back into your property

With the implementation of the RTA Amendments Act 2020, landlords must carefully consider the possible sale of their investment property in the future, as the rules surrounding both periodic and fixed-term tenancies will change significantly when they become effective on February 11 2021.

### Periodic tenancy - before 11 February 2021

In the case of a property sale, the tenant must be given 42 days' written notice to vacate (allowing an extra four days for delivery of the notice), and any notice can only be given once the sale of the property has become unconditional.

Should the landlord or a family member wish to move back into the property, 42 days' written notice must also be provided to the tenant.

### Periodic tenancy - from 11 February 2021

In the case of a property sale, the tenant must be given 90 days' written notice to vacate (allowing an extra four days for delivery of the notice), and only once the sale of the property has become unconditional.

Should the landlord or a family member wish to move back into the property, 63 days' written notice must also be provided to the tenant.

### Fixed-term tenancy - before 11 February 2021

A fixed-term tenancy guarantees the property to the tenant for the term outlined in the tenancy agreement and supersedes the sale of the property or if the owner or family members wish to move into the property. Should the property be sold, and the buyer wishes to occupy the home, they may not move in until the completion of the tenancy term - unless the tenant agrees otherwise.

### Fixed-term tenancy - from 11 February 2021

The current guarantee of tenure for a tenant remains in place for their full tenancy agreement term. However, fixed-term tenancies entered into after this date must convert to a periodic tenancy at the end of their term unless both parties agree otherwise, or the tenant gives 28-days' notice (for any reason). i.e. notice of the fixed-term tenancy ending upon completion to provide vacant possession for a new owner cannot be given unless the tenant agrees.



# Property Management Legislation

The rental landscape in New Zealand continues to change, with new rules coming into force around how we manage our tenancies and the quality of properties that are provided for rent. The rules in place apply equally to both property managers and private landlords, so it's important that everyone involved in renting property stays up-to-date.

Managing a tenancy is now heavily compliance based and there can be significant penalties for those landlords not managing everything that is required.

While many New Zealand landlords choose to self-manage their investment properties, they often do so without fully understanding the risks involved with non-compliance, which can be significant and costly.

Although the legislative goal posts continue to move, there are many clear-cut areas in which every landlord should already know the facts. These relate to your pre-existing obligations and other non-legislative issues you should consider carefully. These issues can include, but are not limited to:

- Minimum insulation standards for all properties and specific details required on all tenancy agreements
- Minimum requirements for all rental properties in respect of heating, insulation, ventilation, draught stopping, moisture ingress and drainage
- Significant recent changes to the RTA affecting rent increases, termination notices, fixed-term tenancies, minor property alterations, assignment of tenancies, rental bidding, fibre broadband availability and more.

- Requirements for landlord insurance information to be provided to tenants and included within any tenancy agreement

- Smoke alarm requirements for every property where both landlords and tenants have their own responsibilities

- Insurance changes and requirements that could affect your claims and cover, even if you think you have a policy in place

- Methamphetamine and the current risks that still exist, no matter what may be published in the media or what you may already have understood around the issue

- Health and safety requirements for all landlords that relate to property hazard identification, vetting and qualification of tradespeople, asbestos identification and other issues of this type.

All information in this guide pertaining to your legislative requirements is correct at the time of printing (June 2023). We recommend you speak to your Ray White property manager to find out more, as changes in our industry frequently occur.

# Residential Tenancies Amendment Act 2020

The Residential Tenancies Amendments Act 2020 implements significant changes to a landlord's responsibilities and on the way they must operate their tenancies. With almost 100 new amendments to the existing Residential Tenancies Act, it's crucial landlords are well-prepared and understand how these changes affect them.

These new rules future-proof our changing rental market as we continue to see increasing tenant demand, and the desire for longer-term tenancies. The changes brought in by this legislation have helped create the framework for a more secure renting environment for landlords and tenants alike.

Landlords can seek out further information from a Ray White property manager or by visiting [tenancy.govt.nz](http://tenancy.govt.nz).

## Rent increases

Rent increases can only occur once every 12 months, and any rent increase cannot occur within 12 months of the tenancy start date, or within 12 months of the last increase.

## Security of rental tenure

The legislation previously allowing landlords to terminate a tenancy without cause by providing 90 days' notice no longer applies. New termination grounds are available to landlords with a periodic tenancy and the required notice timeframes have been updated. Key examples of this are, but not limited to:

### 14 days' notice

The tenant physically assaults the landlord or family member.

### 63 days' notice

The landlord or their family member requires the property to live in.

## 90 days' notice

The landlord intends to put the property on the market for sale as vacant.

The property has been sold with a requirement of vacant possession.

The landlord intends to carry out extensive renovations at the property.

The property is to be demolished.

## Notice period determined by the Tenancy Tribunal

The landlord issues three separate notices for antisocial acts in a 90-day period.

The landlord issues three separate notices for late rent (5 working days +) in a 90-day period.

The landlord will suffer greater hardship than the tenant, if the tenancy continues.

## Fixed-term tenancies

All fixed-term tenancies will convert to periodic tenancies at the end of their term unless both parties agree otherwise, or the tenant gives 28-days' notice (for any reason).

Landlords may still give notice for a fixed-term tenancy to expire, but only if this is in accordance with the termination grounds listed in the Residential Tenancies Act (RTA), or by order of the Tenancy Tribunal.

## Making minor changes

Tenants can request to make a change to a rental property and this request cannot be declined by the landlord if the change is minor. Landlords must respond to such requests for minor changes within 21-days.

Tenants are responsible for any costs associated with both the installation and reversal of any minor changes they request, and landlords can place reasonable conditions as to how changes are carried out.

## Rental bidding

Landlords cannot advertise a property for rent without the rental price being clearly listed, and they cannot encourage or solicit higher rental bids or hold a rental 'auction'. However, prospective tenants can still offer to pay more for a property if they choose to do so.

## Assignment of a tenancy

Tenants can request to assign their tenancy to another party, and landlords must not unreasonably decline this request. Landlords must respond to any request for assignment within a *reasonable* timeframe.

Landlords retain their right to conduct necessary vetting and checks on proposed tenants and can decline this request if evidence can be shown that the tenant is not suitable.

## Fibre broadband

Tenants can request to install fibre broadband at a rental property and landlords must agree, if it can be installed at no cost to the landlord. Tenants are responsible for any ongoing costs related to the fibre service.

Landlords can decline a fibre broadband request, however, only if specific exemptions apply e.g. the installation may breach Body Corporate rules, or risks compromising the weathertightness or character of the property.

## Privacy and access to justice

Tenants or landlords can apply for a suppression order to remove names or any identifying details from being published in a Tenancy Tribunal decision, if their case is wholly or substantially successful. The Tribunal can also decide to suppress details if it is in the interests of the parties or the public interest to do so.

## Landlord records

Landlords must provide a tenancy agreement in writing, and failure to do so can be classed as an unlawful act leading to the possibility of exemplary damages being awarded to the tenant.

Landlords have an obligation to provide records relating to healthy homes standards, upon request, and must now retain various records, and information relating to the property and the tenancy, for up to 12-months after the tenancy expires.

## Enforcement of the Residential Tenancies Act

The Regulator (the Ministry of Business, Innovation, and Employment) will have new measures available to them for taking their own direct action against landlords who are not meeting their obligations.

This action can include seeking voluntary agreements with landlords to comply with the RTA, or improvement notices to correct a breach of the Act. Failure to comply with either can result in financial penalties for landlords.

## Changes for Tenancy Tribunal jurisdiction

The jurisdiction and administrative powers of the Tenancy Tribunal jurisdiction are broadened under the new changes.

It can now hear cases and make awards of up to \$100,000, and new layers of penalties and fines are in place for landlords, or their associated parties, if they own six or more tenancies.

## Transitional and emergency housing

Accommodation provided for these purposes, which is funded by the government or part of a special needs grants programme, is exempt from the Residential Tenancies Act.

## Family violence

Tenants experiencing family violence will be able to withdraw from a tenancy without financial penalty. They must give two days' notice, along with appropriate evidence of the family violence e.g. a protection order or a police safety order.

If they are the sole tenant the tenancy will end, however, if co-tenants remain in the property, they will pay a proportionally reduced rent rate for a period of two weeks, before rent returns to its normal rate.

## Physical assault

A landlord will be able to issue a 14-day notice to terminate the tenancy if the tenant has assaulted the landlord, the owner, a member of their family, or the landlord's agent, and the police have laid a charge against the tenant in respect of the assault.



# Healthy Homes Standards

The healthy homes standards will make significant changes to the quality of New Zealand rental accommodation and bring with them long-term positive impacts for both tenants and landlords alike. Tenants will experience the benefits that come from living in a warmer, drier home and landlords can expect lower long-term maintenance costs, by raising the quality of their property.

The standards create specific and minimum requirements for all rental properties in respect of heating, insulation, ventilation, draught stopping, moisture ingress and drainage.

There is significant detail to each standard and they lay out clearly what is required of all landlords both in respect of the rental property itself, and reporting of this detail within any tenancy agreement.

## General overview of the standards

### Heating

There must be one or more fixed heater(s) that can directly heat the main living room to at least 18°C. Certain heating devices that are inefficient, unaffordable or unhealthy will not meet the requirements of this standard.

### Insulation

Some existing insulation will need to be topped up or replaced. Depending on location, ceiling insulation needs to meet minimum R-values, or existing ceiling insulation needs to be at least 120mm thick. Underfloor insulation needs a minimum R-value of 1.3.

### Ventilation

There must be windows, skylights or doors that open to the outside in the living room, dining room, kitchen and bedrooms. These must be able to be fixed in the open position and comprise at least five per cent of the room's floor area. There must be extractor fans in kitchens and bathrooms that vent to the outside.

### Moisture and drainage

There must be adequate drainage, guttering and downpipes. Rental properties that have an enclosed subfloor must have a ground moisture barrier (if it's possible to install one).

### Draught stopping

Landlords must block any unreasonable gaps and holes in walls, ceilings, windows, floors and doors that cause draughts. Open fireplaces must be blocked unless the tenant and landlord agree otherwise.

## Compliance timeframes

There are already legal requirements for the healthy homes standards in the form of a statement of intent, which must be present in any new or renewed tenancy agreement.

Required since 1 July 2019, failure to include this statement can result in a financial penalty of up to \$500.00. The next compliance deadlines can be outlined as follows:

### 1 December 2020

A comprehensive and detailed healthy homes statement must be included in most new or renewed tenancy agreements. Landlords who fail to include this can face a financial penalty of up to \$500. The statement details each of the five individual healthy homes standards and specifically how the rental property complies with them. Supporting evidence is required, including measurements, photos, or work invoices and other relevant paperwork - and the evidence must be available to tenants, upon request.

### 1 July 2021

After this date, all rental properties must meet each of the five healthy homes requirements (detailed in the following pages of this guide) when any new or renewed tenancy agreement is signed. If a property does not yet meet any standard(s), it must do so within 120 days of the tenancy start date. Landlords who fail to meet the standards by that deadline may be liable for exemplary damages of up to \$7,200.

### 1 July 2025

In the rare event that no changes of tenant or renewals to an existing tenancy agreement occur in the previous three years (e.g. in the case of a long-term sitting tenant), a rental property must still comply with all five healthy homes standards by this date, regardless of the circumstances.

## Heating

Landlords must provide one or more fixed-heaters that can directly heat the main living room to a maintained temperature of at least 18°C all year round.

### How do you define a living room?

A living room is a room that is used for general everyday living. It can be a lounge, dining room, sitting room or family room. If there is more than one living room, only the main (largest) living room requires heating. Open plan areas are considered one space and will need an appropriately sized heater for that space.

### How do we know what size heater is required?

An online heating assessment tool is available at [tenancy.govt.nz/heating-tool](http://tenancy.govt.nz/heating-tool). The tool asks a series of questions about:

- What region the property is in (to take account of the local climate)
- How much space needs to be heated
- What surfaces (walls, ceilings, floors, windows, skylights and doors) heat can escape through
- How well these surfaces are insulated
- Whether walls, ceilings or floors are external, internal or a mix.

The tool provides a report that shows the minimum heating capacity in kW required for each property. It can be used to check if the current heating will meet the standard or if it is necessary to install a new heater.

### What are the general requirements for heaters?

Heaters must:

- Be located in the living room, or provide heat directly to the living room (e.g. through a duct or vent)
- Be fixed to the home
- Have a heating capacity of at least 1.5kW
- Have a thermostat if it's an electric heater or heat pump.
- Not be an open fire, unflued gas heater, or other unflued combustion heater.

### What if there is an existing heater?

Landlords don't need to add more heating if they have one or more existing heaters that:

- Were installed before 1 July 2019
- Each have a heating-capacity greater than 2.4kW
- Meet the general requirements for heaters as outlined earlier in this section
- Have a combined total heating capacity that is at least 80 percent of what is required.

This only applies to heating devices installed before 1 July 2019. When the heater needs replacing, it must be replaced with one that meets all the requirements of the heating standard.

### Can we top up existing heating sources?

If the existing heating doesn't have the required heating capacity, landlords can add a smaller fixed electric heater to 'top up' the heating. In this situation, landlords must meet all of these conditions:

- The existing heating was installed before 1 July 2019
- The required heating capacity is more than 2.4 kW
- The existing heating meets the general requirements for heaters
- The 'top up' needed is 2.4 kW or less.

For example, if you have a heat pump with a heating capacity of 3.6 kW, but you need a total heating capacity of 6.0 kW, you can add a fixed 2.4 kW electric heater with a thermostat to meet the standard.

### What are the exemptions to the heating standard?

There are only two specific exemptions to the heating standard. These exemptions are:

- Where it is not reasonably practicable to install a qualifying heating device
- Where the rental property is a certified passive building.

It can be classed as not reasonably practicable to install heating, providing any professional installer can't access the area without:

- Carrying out substantial building work, or
- Causing substantial damage to the property, or
- Creating greater risks to a person's health and safety than is normally acceptable, or
- It is otherwise not practicable for a professional installer to carry out the work.

## Insulation

Depending on what you may have done to meet the existing 2016 insulation requirements, some existing insulation in rental properties will need to be topped up or replaced in order to comply with the new healthy homes standards.

### What are the existing requirements?

The 2016 insulation requirements state that ceiling and underfloor insulation must be installed in rental homes since 1 July 2019 and every tenancy agreement must include a compliant insulation statement. Existing rental properties should already comply, however, if you have recently purchased a new rental property we strongly recommend adhering to the healthy homes insulation requirements outlined in this guide, as you will be required to do so anyway. Failure to comply with insulation standards can result in penalties of up to \$4,000.

### What is the difference between the healthy homes standards and existing insulation requirements which became compulsory from 1 July 2019?

Landlords who installed all new insulation to meet the 2016 insulation requirements should meet the healthy homes standards as long as the insulation is still in reasonable condition.

Insulation is not considered to be in a reasonable condition if there are signs of damage. This could include:

- Dampness, mould, water damage
- Rips and tears
- Gaps in the insulation coverage, except where safety clearances are required
- Settlement or compression below 120mm of depth
- Pests (eg rodents or insects) or bird nests
- Any other damage or contamination.

From 1 July 2021, the higher healthy homes insulation standards applied to all new or renewed tenancies. The minimum R-value allowable for ceiling and underfloor insulation increased from this date for any properties that may have already had insulation on 1 July 2016, yet did not require updating at that time.

A number of landlords with rental properties that had existing insulation at 1 July 2016 may not have needed to previously upgrade their insulation. Landlords of these properties (likely to have had insulation installed between 1978 and 2008) will now need to upgrade the insulation to meet the healthy homes standards.

### What are the healthy homes insulation requirements?

Insulation requirements under the healthy homes standards are measured by R-value. Minimum required R-values vary across New Zealand, as shown in the map below.



- **Zone 1** Ceiling R 2.9, underfloor R 1.3
- **Zone 2** Ceiling R 2.9, underfloor R 1.3
- **Zone 3** Ceiling R 3.3, underfloor R 1.3

The healthy homes insulation standard increases the minimum standard for existing insulation, and some homes may require a ceiling insulation 'top-up' or new underfloor insulation. The healthy homes insulation standard requires all rental homes to have insulation consistent with the 2008 building code or, for existing insulation it must be at least 120mm thick. If a home has less than 120mm of ceiling insulation, then this must be topped up, or new insulation installed in order to meet the healthy homes minimum R-value requirements.

### What are the exemptions to the insulation standard?

There are three specific exemptions to the insulation standard. These are:

#### Exemption where access is impracticable or unsafe

This exemption covers properties where it is not reasonably practicable to install insulation. It is not reasonably practicable to install insulation if a professional installer can't access the area without:

- Carrying out substantial building work, or
- Causing substantial damage to the property, or
- Creating greater risks to a person's health and safety than is normally acceptable, or
- It is otherwise not reasonably practicable for a professional installer to carry out the work.

For example:

- There isn't enough space for a professional to install insulation in the roof cavity or subfloor, or
- There is no cavity (e.g. concrete slab foundations).

#### Partial exemption for certain underfloor insulation

This partial exemption applies to certain existing underfloor insulation that met certain requirements under an enactment or bylaw at the time it was installed (e.g. when the property was built or building work was carried out).

Landlords must have a copy of any compliance documents that shows the home met the requirements of the time, i.e. code compliance certificate, certificate of acceptance or another relevant compliance document. If this insulation is in reasonable condition it will meet the healthy homes standards for underfloor insulation.

Exemption for ceilings and floors where another domestic living space is directly above or below  
This exemption applies if there is another domestic living space immediately above or below the rental property (e.g. another apartment).

## Ventilation

The living room, dining room, kitchen and bedrooms of rental properties must have at least one or more windows, doors or skylights that are 'openable' i.e. that open to the outdoors, allow the flow of air into and out of the property, and can be fixed in an open position.

The openable windows, doors or skylights must be at least five percent of the floor area in each respective room.

For the ventilation standard, all kitchens and bathrooms must have an extractor fan that ventilates to outdoors. The 'kitchen' is classed as any room with an indoor cooktop and a 'bathroom' is a room that has a bath or shower.

#### What are the window requirements?

The total 'openable area' refers to the total area of the internal side of the openable windows, doors, or skylights, including the framing and joinery. This must be at least five percent of the floor area total for that particular space.

#### Requirements for kitchen extractor fans

**Installed FROM 1 July 2019:** The fan and all exhaust ducting must have a diameter of at least 150mm or the fan and all exhaust ducting must have an exhaust capacity of at least 50 litres per second. The fan must vent extracted air to outdoors.

**Installed BEFORE 1 July 2019:** No minimum size or performance requirements but fans must be in good working order and ventilate to outdoors. This means that the range hood or extractor fan must not vent back into the kitchen, into a roof space or other space. Any ducting must be connected, intact (i.e. without tears or holes) and installed so that extracted air can flow freely through it. Any grills or filters must be unclogged.

#### Requirements for bathroom extractor fans

**Installed AFTER 1 July 2019:** The fan and all exhaust ducting must either have a diameter of at least 120mm or the fan and all exhaust ducting must have an exhaust capacity of at least 25 litres per second. The fan must vent extracted air to outdoors.

Continuously operating extractor fans that operate at a level of extraction below 25 litres per second, or do not have a fan and ducting diameter of at least 120mm, are not compliant.

**Installed BEFORE 1 July 2019:** No minimum size or performance requirements but fans must be in a good working order and ventilate to outdoors. This means that the extractor fan must not vent extracted air into a roof space or other space. Any ducting must be connected, intact (i.e. without tears or holes) and installed so that exhaust air can flow freely through it. Any grills or filters must be unclogged.

#### What are the requirements for existing extractor fans?

Existing extractor fans installed before 1 July 2019 must be in good working order and ventilate to the outdoors. These fans don't need to meet the size or performance requirements.

#### What are the exemptions to the ventilation standard?

There are two specific exemptions to the ventilation standard. A room does not need to meet the requirements for openable windows and external doors if it was lawful at the time it was built or converted.

If a bathroom or kitchen does not have an extractor fan that meets the current requirements at the start of the tenancy, the landlord will not be required to install an extractor fan if all of the following apply to that room:

It is not reasonably practicable to install an extractor fan

- When the room was built or converted, not having an extractor fan was lawful; and
- If not having an extractor fan was lawful only because the room met alternative ventilation requirements, the room still meets those requirements at the commencement of the tenancy.

It is not reasonably practicable to install extractor fans if a professional installer can't access the area without:

- Carrying out substantial building work, or
- Causing substantial damage to the property, or
- Creating greater risks to a person's health and safety than is normally acceptable, or
- It is otherwise not reasonably practicable for a professional installer to carry out the work.

## Moisture and drainage

Rental properties must have efficient drainage for the removal of stormwater, surface water and groundwater, including an appropriate outfall. The drainage system must include gutters, downpipes and drains for the removal of water from the roof.

If the rental property has an enclosed subfloor, a ground moisture barrier must be installed if it is reasonably practicable to do so.

#### What are the drainage and guttering requirements?

A rental property must:

- Efficiently drain storm water, surface water, and ground water to an appropriate outfall, and
- Include appropriate gutters, downpipes, and drains to remove water from the roof.

When assessing a rental property, landlords should ensure the following:

- That gutters and downpipes are present to carry away water from all parts of the roof and no roof water is being discharged onto the ground
- That none of the gutters and downpipes overflow during normal rainfall
- That gutters have sufficient fall for water to flow into the connected downpipe - there must be no stagnant water
- That gutters and downpipes are intact and fixed well to the home (not loose)
- That gutters and downpipes are not blocked
- That all downpipes direct water to an appropriate outfall, such as the storm water system provided by the local council
- No surface water rises from surrounding ground
- No water can rise up through damaged brick, concrete masonry, foundations or concrete floor.

### What are the ground moisture barrier requirements?

If a rental property has an enclosed subfloor, a ground moisture barrier must be installed. This is generally a polythene sheet that can be bought from most building retailers and can be installed by a landlord or a building professional. Ground moisture barriers must either:

- Be a polythene sheet installed in accordance with section 8 of New Zealand Standard NZS 4246:20163, or
- Have a vapour flow resistance of at least 50MNs/g and be installed by a professional installer.

### What is classed as an enclosed subfloor space?

A subfloor space is enclosed if the airflow in and out of the subfloor space is obstructed along at least 50% of the subfloor perimeter by:

- A masonry foundation wall
- Other claddings such as cement board or a solid timber skirt
- Attached structures, such as a garage or carport
- Earth or rock
- Any other solid obstruction to airflow.

The ground moisture barrier is required even if the property has subfloor vents.

### What are the exemptions to the moisture and drainage standard?

There is one specific exemption to the moisture and drainage standard. This exemption covers properties where it is not reasonably practicable to install a ground moisture barrier. This would apply if a professional installer can't access the area without:

- Carrying out substantial building work, or
- Causing substantial damage to the property, or
- Creating greater risks to a person's health and safety than is normally acceptable, or
- It is otherwise not reasonably practicable for a professional installer to carry out the work.

## Draught stopping

Any unreasonable gaps or holes in walls, windows, ceilings, floors and doors that cause noticeable draughts must be blocked. Landlords will have to block the fireplace or chimney of an open fireplace unless the tenant and landlord agree otherwise.

### When is a gap or hole unreasonable?

To determine if a gap or hole is unreasonable and should be blocked, consider:

- The size and location of the gap or hole
- The extent of the draught that flows through the gap or hole
- If there is more than one gap or hole at the premises, and the extent of the total draught
- The impact of a draught on heat loss from the property.

Landlords can't use the age and condition of the property as a reason not to stop gaps or holes. Gaps or holes greater than 3 mm in width that let air into or out of the home should be blocked. Generally, if a New Zealand \$2 coin can fit in the gap and unreasonable draughts pass through this space, then the gap needs to be filled. (Note: There are some situations where a gap may be smaller than 3mm yet still create an unreasonable draught and these situations should be assessed on a case by case basis).

Examples of gaps or holes that should be blocked include:

- Poorly fitting windows or doors
- Large gaps between the bottom of the door and the floor
- Broken or loose hinges, catches or latches that prevent the door or window closing tightly
- Broken or poorly fitted pet doors
- Broken or cracked windows or doors.

## General exemptions

Outside of specific exemptions outlined per each individual standard, there are also other general exemptions that may exempt a rental property from complying with the healthy homes standards.

- If the landlord intends to demolish the property or substantially rebuild parts of the property and has applied for the relevant resource or building consent before the healthy homes compliance date. This exemption lasts for up to 12 months from the healthy homes compliance date and may end earlier in certain circumstances. e.g. if the consent lapses or is terminated, or the application is refused. If requested, the landlord will need to provide evidence that they have applied for the relevant resource consent or building consent for redevelopment work.
- If the tenant is the immediate former owner of the rental property and the tenancy started immediately after the landlord acquired the property from the tenant. In this situation, an exemption will apply for 12 months from the date the tenancy commences.
- If a rental property is part of a building and the landlord does not own the entire building (for example, if a landlord owns an apartment). The landlord will be partially exempt from complying with parts of the healthy homes standards if their ability to do so is impeded because:
  - They need to install or provide something in a part of the building where the landlord is not the sole owner, or
  - They need access to a part of the building that they are not the sole owner of.

Landlords must take all reasonable steps to ensure any rental property or building complies with the healthy homes standards to the greatest extent, where it is reasonably practicable.

## Keeping records

From 1 July 2019, landlords must keep records of all documents which show how they are complying with the healthy homes standards.

The level of detail, calculations and data that is required to be held on each standard is significant. We recommend landlords consider obtaining a professional healthy homes assessment to ensure this is done properly and to prevent the risk of future penalties.

Relevant documents could include:

- Code compliance certificate
- Records of calculations of a living room's required heating capacity, including a printout from the heating assessment tool
- Certificate of acceptance
- Receipts and invoices from builders or tradespeople
- Receipts for any building materials and/or elements
- Photographic evidence of compliance
- Records of work from building practitioners or independently qualified persons
- A professional evaluation performed by a licenced building practitioner, independent qualified person or any other relevant professional
- Product manuals/schedules for devices installed for the purpose of compliance with the standards
- Any other documents/records that will reasonably show compliance.

These records must be able to be provided on request- for example, from the Tenancy Tribunal, or the Tenancy Compliance and Investigations Team. Landlords are committing an unlawful act if they don't supply the records within 10 working days of the request.





## Tenancy agreements

As part of the healthy homes standards, there is additional information that landlords must include in new or renewed tenancy agreements. Fines can be incurred if landlords fail to include the correct information, so it's important to check your documents to ensure you comply.

### Current Requirements

Landlords current requirements in respect of the healthy homes standards are in the form of a statement of intent, which must be present in any new or renewed tenancy agreement. The statement of intent dictates that the landlord will comply with the healthy homes standards, or potentially does comply (if applicable). Required since 1 July 2019, failure to include this statement can result in a financial penalty of up to \$500.00.

### From 1 December 2020

In addition to the signed statement of intent, a comprehensive and detailed healthy homes statement must be included in most new or renewed tenancy agreements. The statement details each of the five individual healthy homes standards and specifically how the rental property complies with them. Landlords who fail to include this can face a financial penalty of up to \$500.

Supporting evidence is required, including measurements, photos, or work invoices and other relevant paperwork - and the evidence must be available to tenants, upon request.

### How detailed is the healthy homes compliance statement?

Due to the level of evidence required in this statement, it will almost always require a physical property assessment/visit to complete properly. To illustrate the level of detail needed, we encourage landlords to review the 13- page statement template by searching 'healthy homes compliance statement' on the [tenancy.govt.nz](https://www.tenancy.govt.nz) website.



# Residential Tenancies Amendment Act 2019

The Residential Tenancies Amendment Act 2019 addresses a number of long-standing issues faced by both landlords and tenants, particularly in regard to unlawful dwellings, careless damage and tenant liability, and landlord insurance requirements.

The key changes brought in by the Act are as follows:

- Addressing the liability for damage to a rental property caused by a tenant
- Bringing in new requirements for landlords to include an insurance statement in every tenancy agreement and provide policy details to tenants, if requested
- Updated regulations around methamphetamine contamination in rental properties
- Strengthening the law for holding landlords to account if they rent out unsuitable properties that may be classed as unlawful for residential use. This includes giving Tenancy Services the ability to take enforcement action against landlords who rent properties which don't meet minimum standards.

## Careless damage and tenant liability

These changes aim to encourage tenants to take proper care of rental properties while making sure they are not liable for excessive costs. They are also designed to ensure, as much as possible, that landlords are not out of pocket for careless damage to a rental property.

If tenants damage a rental property as a result of careless behaviour, they will now be liable for the cost of the damage up to a maximum of four weeks' rent or the landlord's insurance excess, whichever is lower.

## Landlord Insurance

If landlords have insurance, they must provide their insurance information in any new tenancy agreement, including whether the property is insured and if so, what the excess amount is.

This 'insurance statement' in the tenancy agreement must also inform the tenant that a copy of their insurance policy is available upon request.

Tenants in existing tenancies will be able to ask their landlords for this insurance information, and this must also be provided within a reasonable time.

If landlords don't provide this information, or if they don't tell tenants, in writing, within a reasonable time if any information changes, they may be liable for a financial penalty of up to \$500.

Insurance companies will not be able to pursue tenants on the landlord's behalf for the cost of damage unless the damage was intentional or the result of an act or omission that constitutes an imprisonable offence.

## Unlawful residential premises

Sometimes properties which can't lawfully be used for residential purposes are rented by landlords anyway and **generally**, these are the sort of dwellings that were initially constructed for another purpose, such as a garage or sleepout.

The Act has amended the definition of "residential premises" so that regardless of whether premises can be legally lived in, it is still considered a residential premises under the Residential Tenancies Act if it is lived in, or intended to be lived in.

This gives the Tenancy Tribunal full jurisdiction over cases concerning premises that are unlawful for residential purposes. It means that tenants living in unlawful residential premises will be protected by the minimum requirements in the Residential Tenancies Act, such as landlord responsibilities for complying with building, health and safety laws, cleanliness, maintenance and repairs, smoke alarms, insulation, bond lodgement, rent increase notices, and notice periods for ending a tenancy.

Tenancy Services can enforce the Act against landlords who breach it, regardless of whether premises are lawful for living in or not. In cases of unlawful residential premises, the Tribunal can now order:

- The landlord to repay the tenant all or some rent, depending on the circumstances of the matter
- That the tenant is not liable for rent arrears, compensation or damages unless it would be unjust not to make the tenant liable.

## Methamphetamine contamination

Landlords can now test for methamphetamine in rental premises while tenants are living there, providing they give 48 hours' notice to tenants before entering the property. Landlords will have to tell the tenant what contaminants they are testing for and share the test results (in writing) with the tenant within seven days of receiving them.

The Act has also indicated that new regulations will be developed to prescribe the acceptable level for methamphetamine contamination, processes for testing (including when to test) and decontamination of rental properties. At the time of writing (June 2023) these regulations are yet to be developed.

Once relevant regulations are in place, landlords will not be able to knowingly rent premises that are contaminated above the prescribed level (as set out in the future regulations) without decontaminating in accordance with the regulations. They will be liable for a financial penalty of up to \$4,000 if they do so.

# Smoke Alarm Requirements

Working smoke alarms or detectors are compulsory in all rental properties. Landlords must ensure smoke alarms are in working order at the start of every new tenancy. Fines of up to \$4,000 are possible for landlords not meeting their obligations.

## Smoke alarms must be installed:

- Within three metres of each bedroom door, or in every room where a person sleeps
- In each level or storey of a multi-storey or multi-level home
- In all rental properties, boarding houses, rental caravans, and self-contained sleepouts.

## All new smoke alarms must:

- Be a photoelectric variety alarm
- Have a battery life of at least eight years, or be hard-wired
- Be installed according to the manufacturer's instructions
- Meet international standards.

Existing smoke alarms do not need to be replaced if they are working and have not passed the manufacturer's expiry date.

## What type of smoke alarms are compliant?

Long-life photoelectric alarms are required under the regulations and must comply with at least one of the following manufacturing standards:

- Australian Standard AS3786:1993
- United States UL217
- Canada ULCS531
- United Kingdom BS5446: Part 1 / BS EN 14604
- International ISO1223

Smoke alarm placement and function must comply with both of these standards:

- NZ Building Code NZ4512
- RTA 2016

Landlords are also required to ensure that the audibility meets code standards, e.g. 85 + decibel output at a range of 3 metres, and no less than 10 decibels auditory fall-off behind a closed bedroom door.

## Who's responsible for keeping smoke alarms in working order?

Both landlords and tenants have their own responsibilities to keep smoke alarms working. Landlords must make sure smoke alarms are always in good working order at the start of each new tenancy, including having working batteries.

Tenants must replace expired batteries during the tenancy (where battery operated smoke alarms are installed).

Tenants must not damage, remove or disconnect a smoke alarm and this includes removing batteries. A tenant who does not comply is committing an unlawful act and may be liable for penalties of up to \$3,000.

Tenants must also let the landlord know if there are any problems with the smoke alarms as soon as possible.

Ray White recommend that landlords consider the use of an annual smoke alarm service provider as a best practice step to ensure your obligations are always being met.

These types of providers will consistently check that your smoke alarms are in working order and replace them as part of their service, when required. To find out more, speak with your Ray White property manager.

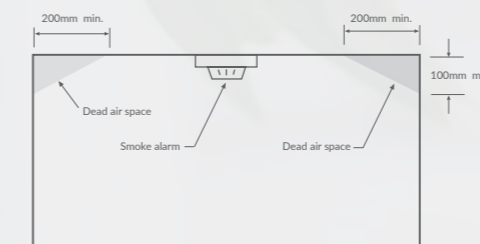
## What are the rules around the installation and location of smoke alarms?

All smoke alarms must be properly installed by the landlord in accordance with the manufacturer's instructions. Landlords should not give smoke alarms to the tenant to install.

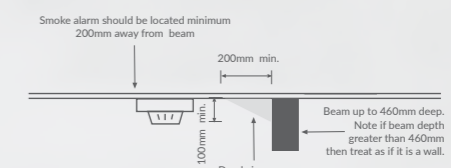
These illustrations from New Zealand Standard NZS 4514:2009 show best practice for placing smoke alarms in homes, depending on their different construction styles.

*\* All information stated is correct at the time of printing (November 2020).*

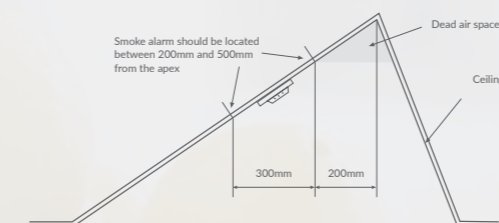
Dead air spaces: Ceiling mount with exposed airflow



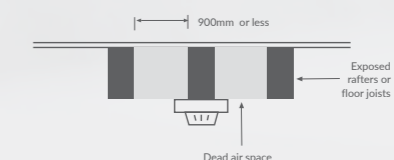
Installing smoke alarms - exposed beams (or other ceiling obstructions)



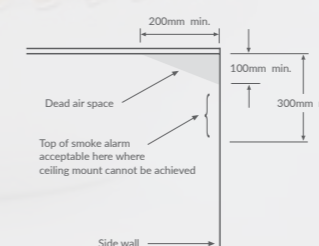
Dead air spaces: Ceiling mount - sloping ceiling



Installing smoke alarms - exposed rafters or floor joists



Dead air spaces: Ceiling mount not available



# Swimming Pools

The Building (Pools) Amendment Act 2016 came into place in order to improve the level of compliance relating to pool barrier requirements.

The Act applies to all residential pools and small heated pools with a maximum depth of 400mm or more. Key changes for landlords mean:

- Residential swimming pool barriers must be inspected every three years
- Safety covers will be able to be used as barriers for spa pools and hot tubs
- Territorial authorities will have better tools to enforce pool barrier requirements, including issues notices to fix, and infringement notices.

Landlords are required under the Act to ensure that the fence and gates around any swimming pool comply with the Act at all times.

We recommend you contact your local council if you have any questions or need information on how you can arrange your own swimming pool assessment.

# Methamphetamine

This is an issue that New Zealand landlords continue to face and is one where a lot of misinformation exists.

In particular, much confusion remains as to whether there is still a need to test a property and what the maximum levels of contamination are for a property to remain habitable. Investors need to understand the issue and the risks that still remain in place, as the consequences can be costly if you get it wrong.

There are a number of factors at play when it comes to a landlord's decision to test, and this guide is designed to explain what we believe to be best practice and a low-risk approach for landlords.

## What do landlords need to know?

In New Zealand, methamphetamine use and production is an unfortunate reality that is not going away any time soon.

Damage caused through the use and production of this drug can lead to serious issues for the health of those in an affected property, as well as financial implications for owners involved with remediation and clean-up.

Insurance companies across the country have adapted their policies off the back of massive claim payouts and will often now contain a requirement to test, for cover to be put in place. Landlords have also seen increased premium costs, higher excess amounts and a lowering of claim caps to levels where, in many instances, your cover may not pay for all remediation costs.

We recommend all landlords are clear on what cover they have and what conditions apply for that cover to remain in place: e.g. baseline testing requirements.

## NZS:8510

In June 2017 Standards New Zealand released the NZS:8510 standards, which placed significant guidance on methodologies, procedures and other materials to ensure the industry had a consistent approach to managing the testing and decontamination of affected properties. This guidance filtered down and was adopted by testing laboratories, environmental regulators, councils, and insurers, many of whom still adhere to this standard as 'best practice'.

In a nutshell, the standards brought in three key changes and requirements:

- Maximum allowable contamination levels for properties that are in line with current worldwide standards, being:
- 1.5  $\mu\text{g} / 100 \text{ cm}^2$  in any high use area
- 3.8  $\mu\text{g} / 100 \text{ cm}^2$  in any limited use area
- Requirements for a clear separation of duties between those who test for contamination and those who are involved with the cleaning and remediation of affected properties
- Requirements for testing personnel and their employers to be professionally accredited.

For more information on NZS:8510 see the Standards New Zealand website, [standards.govt.nz](http://standards.govt.nz)

## The Gluckman Report

In May 2018, Professor Sir Peter Gluckman released his report 'Methamphetamine contamination in residential properties in New Zealand: Exposures, risk levels, and interpretation of standards'.

This report challenged the NZS:8510 standards and their suggested maximum allowable contamination level of 1.5  $\mu\text{g} / 100 \text{ cm}^2$ . The report suggests that:

- Third-hand exposure to methamphetamine smoking residues on household surfaces (where production has not occurred) does not necessarily elicit an adverse health effect to occupants
- The NZS:8510 clean up standard of 1.5  $\mu\text{g} / 100 \text{ cm}^2$  should not be regarded as a health risk and exposure to levels below 15  $\mu\text{g} / 100 \text{ cm}^2$  would be unlikely to create adverse effects
- Remediation according to the NZS:8510 standards is appropriate only for properties where contamination is at high levels and has been identified as coming from a meth production lab.

For more information on the Gluckman Report see the website of the Prime Minister's Chief Science Adviser [pmcsa.org.nz/publications](http://pmcsa.org.nz/publications).

## Methamphetamine testing - Is it still required?

- Neither the NZS:8510 standards or the Gluckman report place a legal requirement for methamphetamine testing onto landlords, and the RTA Amendments Act changes are still not decided.

When considering whether or not to test your rental property for methamphetamine contamination Ray White advise all landlords to consider two key questions:

- What does your insurance policy require in order for cover to remain in place?
- What is your appetite for risk and ability to cover remediation costs in a worst-case scenario?

Most insurers still require a pre-tenancy baseline test be completed in order for your cover to be in place if contamination is found. Some insurers are also still using the NZS:8510 guidelines of 1.5 µg /100 cm<sup>2</sup> as their maximum allowable limit for a habitable property.

The Tenancy Tribunal have indicated that in situations where contamination has occurred solely through personal use, they will look to adopt the Gluckman report standards of 15 µg /100 cm<sup>2</sup>.

A baseline test between tenancies is still the only way to provide clear evidence of liability and accountability for any contamination in a situation where it occurs. It also acts as a deterrent for such behaviour.

This information is correct at the time of printing (June 2023), however, we recommend you check your insurance policy wording carefully and speak with your insurer if you have any concerns.

## What are the best practice steps for landlords?

We advise that a pre-tenancy baseline test is still the most effective way to help protect your investment. It is the only way to identify any drug presence, prior to a tenancy beginning, or at the conclusion of any tenancy.

A 'no presence detected' baseline test remains the only way for landlords to ensure they are positioned correctly to help place liability onto those who caused any contamination should it occur.

If any contamination is found to be present above the NZS:8510 maximum allowable levels (1.5 µg / 100 cm<sup>2</sup>) we recommend landlords seek professional advice from their property manager at that time to clarify where the current industry position lies.

## Methamphetamine - how can we help?

Our property managers have access to a comprehensive methamphetamine risk management policy aimed at educating staff on how to recognise and deal with any such activity that may occur at one of our managed properties.

All offices are also provided with a full suite of appropriate clauses and acknowledgements for tenancy agreements to ensure incoming tenants are aware this is something we may check for, and are aware of. Ray White property managers also have access to tenancy law specialists who can guide clients through these situations if they occur.

We recommend you seek our assistance if you have questions or would like more information on this issue.

# Health & Safety

The Health and Safety at Work Act 2015 brought in new requirements for those involved with both owning or managing investment property. It means that both landlords and property managers are classed as a Person Conducting Business or Undertaking (PCBUs).

We are therefore equally responsible for ensuring the health and safety of everybody involved with, or affected by work on any property owned or managed. This can relate to property inspections, viewings, undertaking repairs, maintenance and other related issues.

## What are the landlord's responsibilities?

Given the nature of investment properties there can often be multiple PCBUs, e.g. the landlord and/or property manager and any contractors undertaking work.

A landlord cannot rely on a contractor to manage the health and safety risks, nor can a landlord request that the contractor take care of all health and safety matters.

Landlords are required to do everything reasonably practicable to protect those engaged from risks and hazards associated with their investment property, and it is safe to say every property has risks and/or hazards.

To comply with the Health and Safety at Work Act some of our responsibilities include:

- Identifying and manage the risks on the property connected to the work to be undertaken
- Ensuring contractors are sufficiently competent to perform work and that they have their own individual health and safety plan

- Ensuring contractors understand their health and safety requirements in relation to the risks identified
- Checking that contractors hold any required certifications and insurances before work is undertaken.

## Health & safety - how can we help?

Our property managers are provided with comprehensive health and safety policies as well as educational resources in order to ensure we honour all our obligations as PCBUs.

Staff are trained on and provided with all necessary templates to complete hazard identification and reporting, as well as requiring all contractors to complete comprehensive health and safety questionnaires to prove their competency and to ensure that relevant certifications and insurances are in place.

By using a Ray White property manager you are safe in knowing that all responsibilities under the Health and Safety at Work Act are covered and your risk of any future health and safety related claims are minimised.

# Asbestos

The Health and Safety at Work (Asbestos) Regulations 2016 outline that a workplace (property) must have an asbestos management plan in place if there is any risk that the workplace may contain asbestos.

The regulations set out the requirements for all Persons Conducting Business or Undertaking (PCBU) and in our industry a PCBU can be a landlord, property manager, contractor or any combination of these.

## What are a landlords' responsibilities?

Landlords (PCBUs) must ensure that when work is carried out at their property it is done safely without endangering workers or others, including tenants, to the risks associated with asbestos containing materials. The key regulations that affect landlords in regards to asbestos are as follows:

- Regulation 10: Duty to ensure asbestos is identified at the workplace
- Regulation 11: Duty to analyse samples
- Regulation 12: Duty to ensure presence and location of asbestos indicated
- Regulation 13: Duty to prepare asbestos management plan
- Regulation 14: Duty to review asbestos management plan.

Landlords must identify asbestos in the workplace (property) and document plans for managing its risks in an asbestos management plan, if there is any risk of exposure to respirable asbestos fibres.

## When does a rental property become a workplace and asbestos regulations come into place?

Worksafe NZ clarification implies that a rental property becomes a 'workplace' only once you begin planning or carrying out work to the property and where the work could create a risk of exposure to respirable asbestos fibres.

The risk of exposure depends on the kind of work you're planning to do and types of work that create risk may include renovations, refurbishments or demolition work.

## What does Ray White recommend as best practice?

It is our opinion that waiting for renovation, refurbishment or demolition work to be the trigger point can still allow for some risk of exposure to asbestos. This also allows for the risk of a PCBU (landlord or property manager) to not honour their obligations as outlined in the Act.

We recommend a proactive approach to asbestos assessment and planning vs a baseline reactive approach as the best way to ensure full compliance of the PCBU (landlord or property manager).

## Proactive vs reactive approach to asbestos management

Although Worksafe clarification indicates that renovation/building work can be the trigger for an asbestos assessment and management plan, we believe this reactive approach still leaves a landlord or property manager at risk of non-compliance.

A proactive approach involves conducting an asbestos assessment of your rental property and obtaining an asbestos management plan before there is an urgent need to do so, e.g. renovation or emergency repairs.

The reactive approach involves waiting until there is a distinct or urgent need to action your asbestos assessment and management plan, however, this can create other issues and costs for landlords.

There are pros and cons involved with each approach and we have outlined some of these below.

### Pros/Cons of proactive approach:

- All regulations honoured and any future prosecution and fines are unlikely
- Less likely to incur costs associated with emergency repairs at a property where an assessment has not yet been done (e.g. emergency accommodation)
- An initial cost outlay for the landlord compared to a no-cost reactive approach - although this will inevitably come at some stage when repairs/building work is required anyway
- Survey results may recommend removal of all asbestos-containing materials immediately - are you prepared for this and any associated costs?

### Pros/Cons of reactive approach:

- Cannot guarantee all regulations and PCBU requirements are honoured and your immunity from future prosecution and fines
- May incur costs associated with emergency repairs e.g. cannot send a contractor to complete emergency repairs until an asbestos assessment is first completed. May need to provide alternative accommodation for the tenant in the meantime
- No initial cost for landlord/property manager, however, may incur higher asbestos assessment costs in an urgent situation as outlined above.

Ultimately, it is a landlord's decision as to which approach they want to take. This decision will come down to a number of factors, however, we encourage landlords to speak with a Ray White property manager for more information.

## Asbestos - how can we help?

Our property managers are provided with comprehensive asbestos best practice guidelines and resources to ensure our obligations as PCBUs are met. Our staff are in regular contact with asbestos assessors and those in the industry who can help provide the most up to date advice and competitive prices for when assessment or remedial work is required.

We recommend you speak with a local Ray White property manager if you would like more information or to see a copy of our comprehensive best practice guidelines.

To find our more general information around the issue and your requirements, visit [worksafe.govt.nz](http://worksafe.govt.nz)



# Landlords' Obligations

## The Law & The Act

The Residential Tenancies Act 1986 sets out a framework that all landlords and tenants must adhere to when entering into any tenancy agreement. These rules have been developed to provide clear guidelines and boundaries for all those involved in the process.

### Obligations & responsibilities of a landlord

#### A landlord is obliged to:

- Provide the premises in a reasonably clean and tidy state
- Keep the premises in a reasonable state of repair
- Comply with all building and health and safety requirements relating to the property
- Not interfere with the supply of gas, power, water, telephone, or other services to the premises unless it is necessary for maintenance or repair, or to prevent danger
- Ensure that all locks are working and the property is reasonably secure
- Make sure that smoke alarms are in good working order, meet all requirements and have batteries at the beginning of each new tenancy (where applicable).

#### During the tenancy a landlord must:

- Not ask for more than 4 weeks' rent as a bond or for more than 2 weeks' rent to be paid in advance
- Make sure none of the other tenants in neighbouring properties owned by the same landlord disturb one other
- Compensate the tenant for serious and urgent repairs that the tenant has had done, if the damage was not the tenant's fault and the tenant made a reasonable attempt to contact the landlord about the repairs
- Give the tenant at least 24 hours' notice and visit between 8am and 7pm if any repairs or maintenance are needed
- Ask for the tenant's permission and visit at a reasonable hour if wanting to show a prospective buyer, tenant or registered valuer through the premises
- Not use force, or threat of force, to enter or attempt to enter the premises while the tenant or anyone else is on the premises – it is an offence to do so
- Give at least 48 hours' notice of any routine inspection of the property.

### Obligations & responsibilities of a tenant

#### A tenant is obliged to:

- Pay the rent on time
- Make sure the property is occupied principally for living purposes
- Pay the power, gas, telephone charges
- Keep the property reasonably clean and tidy
- Notify the landlord as soon as possible after the discovery of any damage to the premises or of the need for any repairs
- Fix any damage they or their visitors cause on purpose, or pay for someone to fix it
- Pay water usage charges only if the water supplier charges separately for the water and there is a meter to measure exactly how much water was used
- Replace expired batteries in smoke alarms (where applicable) and let the landlord know if there are any problems with the smoke alarms as soon as possible. Tenants must not damage, remove or disconnect the alarm.

#### During the tenancy a tenant must:

- Prevent any intentional damage to the premises
- Not use the premises, or permit the premises to be used, for any illegal purpose
- Not disturb the neighbours
- Ensure there are no more people living in the premises than is specified in the tenancy agreement
- Not change the locks, attach fixtures or make any renovations, alterations or additions to the premises unless outlined in the agreement, or allowed with written permission from the landlord
- Remove all personal items from the premises upon vacating
- Leave the premises reasonably clean and tidy at the end of the tenancy and remove all rubbish
- Return all keys initially provided back to the landlord at the end of the tenancy
- Leave any personal items or pieces of furniture provided by the landlord.

As outlined in the terms of any signed management authority your property manager is legally acting on your behalf and must, therefore, also adhere to these rules and obligations, or risk being subject to possible exemplary damages (fines) under the Unlawful Acts section of the Residential Tenancies Act 1986 (section 109)

**Some examples of exemplary damages (fines) include:**

- **Section 12**  
(Unlawful discrimination)  
Amount \$4,000
- **Section 16A (6)**  
(Landlord failing to appoint agent when outside New Zealand for longer than 21 consecutive days)  
Amount \$1,000
- **Section 17**  
(Requiring key money)  
Amount \$1,000
- **Section 18**  
(Landlord requiring bond greater than amount permitted)  
Amount \$1,000
- **Section 18 A**  
(Requiring unauthorised form of security)  
Amount \$1,000
- **Section 19 (2)**  
(Breach of duties of landlord on receipt of bond)  
Amount \$1,000
- **Section 23**  
(Landlord requiring rent more than 2 weeks in advance or before rent already paid expires)  
Amount \$1,000
- **Section 27 (2)**  
(Landlord requiring rent in excess of market rent order)  
Amount \$200
- **Section 29**  
(Failure by landlord to give receipts for rent)  
Amount \$200
- **Section 33**  
(Landlord seizing or disposing of tenants goods)  
Amount \$2,000
- **Section 38 (3)**  
(Interference with privacy of tenant)  
Amount \$2,000
- **Section 40 (3A) (d)**  
(Harassment of tenant or neighbour)  
Amount \$2,000
- **Section 45 (1A)**  
(Landlord's failure to meet obligations in respect of cleanliness, maintenance, smoke alarms, the healthy homes standards, or buildings, health, and safety requirements)  
Amount \$4,000
- **Section 45 (2A)**  
(Landlord interfering with supply of services to premises)  
Amount \$1,000
- **Section 46 (3)**  
(Altering locks without consent of other party)  
Amount \$1,000
- **Section 48 (4) (a)**  
(Unlawful entry by the Landlord)  
Amount \$1,000





# Why Choose Us?

“Currently managing more than \$17 billion of rental assets on behalf of our landlords, we are proud to be able to provide outstanding service in such a changing environment. This is a service that not only protects landlords but also enhances property returns for landlords and relationships with tenants.

Ray White is navigating changes on behalf of all parties successfully and we can provide you with an outstanding and safe experience with your rental property.”

**Carey Smith** Ray White New Zealand Executive Chairman

Ray White understands that a property manager is not only responsible for effectively managing your investment, but is also there to maximise the value and return of that asset in order to secure your long-term investment goals.

Managing properties is a complex and demanding business that requires skill, time and knowledge in order to be done effectively without putting yourself or your tenants at unnecessary risk.

Over the years we continue to refine and improve what we do in order to provide our landlords with industry leading property management services supported by ongoing learning and development opportunities.

## So what exactly makes Ray White different ?

### Our collective strength

The Ray White Group goes further than simply selling and managing properties. Our goal is to become the leading property and financial services provider in the Asia-Pacific region.

Over the years we have forged a truly global family-owned company that now offers more value-added services than any other real estate brand in New Zealand.

Part of our strength lies in the collective power of our umbrella companies and the benefits that these bring to you as a landlord.

### Loan Market

Another area of the White family business group that is available to help our landlords is the Loan Market business - New Zealand's largest mortgage advice company with over 150 advisers settling \$5 Billion in mortgages per annum through banks and lenders you know and trust.

Loan Market can provide expert advice on debt structures to ensure you are maximising the tax benefits of any investment lending, as well as ensuring you obtain the very best possible terms available in the market.

As Loan Market advisers are paid by the lender, their service to you is free of charge to landlords and can help ensure the best possible deal for investors, helping to take the stress out of arranging finance.

### Ray White sales

If you are ever in the position of needing to sell your investment property, family home, lifestyle or rural block, or you're simply looking to purchase, then you need look no further. With over 1,800 licensed real estate agents spread across more than 195 offices nationwide, we can provide you with comprehensive real estate advice and services that are second to none.

## Training: Ray White learning & development programs

Through the use of learning and development resources, our goal at Ray White is to breathe new life into the property management industry and provide all our staff with industry-leading training programmes and online learning resources - ensuring that you have access to the best property managers in the business.

### Staff Training & Development

Ray White invests heavily in the ongoing education and skills development of our property managers through regular training and new resources, covering numerous areas such as:

- Ongoing legislation changes and guides
- Healthy homes management and supplier support
- COVID related training, support and templates
- Health and Safety requirements
- Methamphetamine awareness
- General property management knowledge and skills
- Communication techniques
- Conflict and dispute resolution
- Arrears management
- Time management.

We ensure that the service and resources we provide to both our staff and clients is constantly evolving as our industry continues to change.

The quality and scale of what is provided by the Ray White network is unparalleled in the property management industry. For our landlord's this provides peace of mind, knowing that their property manager has access to the best resources, training and support in the business.

## Maintenance

One of the single biggest factors that can affect the management of your property is poor awareness, planning and delivery of required property maintenance.

Proper maintenance and upkeep of a property is a legal obligation and is enforced under the Residential Tenancies Act 1986, and therefore, requires careful consideration.

At Ray White we look at all maintenance issues objectively with the ultimate aim of:

- Maintaining the capital value of your property
- Preventing minor problems escalating further into more costly situations
- Ensuring both landlord and tenant obligations are met and that all parties are well-informed throughout the entire process.

Communication is a key factor of the maintenance process, with an assurance that our property managers will bring to your attention any immediate or urgent maintenance needs as well as informing you of any preventative maintenance that may be beneficial to the long-term health and value of your property.

Our long-standing relationships with a large number of reputable tradespeople allow our landlords access to competitive prices and a high quality of work. However, if you wish to nominate your own tradesperson to carry out maintenance work on your property this can also be arranged directly with your property manager.

## Insurance

Choosing to have your property professionally managed can provide you access to insurance policies offering far more comprehensive cover than is available to a privately managed property. These policies can cover specific tenancy related issues such as loss of rent, damage to the dwelling or your contents, and even damage caused by pets.

With recent changes to tenants' liability for careless damage, a comprehensive policy and cover for landlords is now more important than ever.

Talk to your property manager to find out more about the types of policies you'll have access to once your property is managed by us.

## The law & legislation

Property management has become a specialised field with vast legal issues and implications. With constant and ongoing changes to legislation such as the RTA Amendment Act 2020, healthy homes standards - and more, the need to have your property managed by a professional is now more important than ever.

No matter how stringent property managers may be, mediation and Tenancy Tribunal hearings are an unfortunate reality of having a property tenanted. People can change, circumstances can arise and sometimes it's simply just a case of bad luck.

Our staff are thoroughly trained in The Residential Tenancies Act 1986 in order to help prevent these situations from happening in the first place.

On top of this and as an added layer of protection for our landlords, Ray White provides all our property managers with specialist legal and technical support from Tenancy Practice Services Ltd, a tenancy law advisory group who are experts in the field.

## Experience, knowledge & support

We have nearly 400 property management staff nationwide working under a core principle of 'collective commitment'. This means a network of staff who talk with each other, support each other and share knowledge and ideas.

Ray White promotes this sharing of knowledge through regular events, training days, an online property management community, internal monthly newsletters, and much more.

We also employ a full-time dedicated national Head of Property Management whose sole focus is to look after the needs, ongoing education and improvement of our network. For a landlord this means you're working with a company that continuously evolves and improves, keeps ahead of industry trends, and puts you at the forefront of effective investment management.

As we continue to see almost constant change within our industry we have also seen a need to provide clear and concise information to investors, to help ensure both their tenants and properties are being properly cared for.

Each year Ray White hosts our annual Rent Event in offices across the country (and more recently online), providing thousands of investors with free information and resources from a range of industry experts.

These events are designed to create an environment where those interested in property management and investing can come to us for obligation-free help and up-to-date resources.

For more information on these events please contact the Ray White New Zealand on 09 377 5069.

## Return on investment

Employing a Ray White property manager allows you to place your investment in the hands of a professional whose goal it is to manage your investment effectively and increase your returns. Our network of staff are trained to help assist in this process in several ways, including:

- Rent reviews and subsequent increases
- Improved marketing strategies when listing your property for rent
- Regular tenancy inspections to ensure your investment is protected
- Ongoing maintenance schedules to reduce your long term costs
- Zero-tolerance rent arrears procedures
- Reduced vacancy periods, meaning higher annual returns for our landlords
- Stringent tenant selection resulting in less wear and tear on the property
- Fixed term tenancies, where possible to secure your income stream.

When self-managing a property, many landlords find it difficult to implement some of these strategies due to poor relationships with tenants, a lack of knowledge and understanding around what can be done, or a limited understanding of the risks associated by not providing adequate notice or communication to tenants around such issues.

With each tenancy, our property managers understand the necessary balance between having strong relationships with our tenants based on proactive communication and effective management, yet also the need for long-term financial returns and security for our landlords.

Effectively managing a tenancy is similar to running a good business and ultimately our clients can rest-assured knowing their investment is running at its optimum level with a broader long-term view in mind.



## About Ray White

In our industry there is nothing more powerful than experience.

Ray White is a proud and strong family business with more than 120 years experience in the property industry to date and now, four generations later, we remain family owned. This goes a long way in ensuring those strong family values are preserved and made a clear part of everything we do.

Founded in 1902, we are now one of the largest real estate companies in the Asia-Pacific region made up of 10,000 members, ranging from business owners, salespeople, property managers and BDMs, administrators, marketers and everyone in between across 10 countries - meaning your home will be managed by the most experienced professionals in the industry.

### Did you know?

- Ray White manages over 21,000 investment properties in New Zealand with an asset value of more than \$17 billion.
- Ray White receives more than 320,000 enquiries each year from tenants who are looking to view our available rental properties.
- Ray White receives more than 8,000 completed tenancy applications for our rental properties every single month.
- Ray White New Zealand facilitates the transfer of over \$1.6 million in rent to landlords each and every day.
- With staff spread from Kaitaia to Invercargill - and everywhere in between, Ray White is one of the largest property management companies in New Zealand, putting you in touch with more tenants and offering more support than our competitors.

# Frequently Asked Questions

## I want to view my property but it's rented - when can I see it?

A property owner or property manager may enter the property at any stage, however, this can happen no more than once every four weeks and the tenant must be given at least 48 hours' notice in writing before you enter the premises.

## What happens if a repair is required after hours or on weekends?

Our policy on what constitutes an emergency repair and what does not is conveyed to all our tenants at the beginning of the tenancy and this is also governed by the Act.

All tenants are provided with mobile numbers and after hours contact details if emergencies arise. Your property manager will use fair judgement and caution when dealing with such issues to ensure our obligations to the tenant are being met and your wishes are respected.

## What do you explain to the tenant(s) before they move into the property?

We go through the most important expectations with our tenants as part of our tenant induction process. This will include education on issues such as:

- Rent payment dates and methods required to ensure it is always on time
- What to do in an emergency repair situation, and who to contact
- How often inspections will occur and what we look for
- General expectations and the law (The Act).

Ray White New Zealand provides all of our property managers with our comprehensive Tenant Information Guide which has been produced to help educate all those involved with the process and to minimise the occurrence of risk or issues arising throughout the tenancy.

If you would like receive a copy of this document, please contact your property manager directly.

## Who pays for water charges?

The tenant is responsible for all metered water usage charges and the landlord is responsible for daily line/supply charges. Where the water supply is from a tank, the landlord should provide a full tank at the start of the tenancy.

## Insurance - is this required?

Although not a legal requirement, we advise all landlords to have comprehensive insurance to cover both their property and the tenancy (these are often two different policies). Investors need to be careful to check their policy wording and the cover that is offered, particularly now around the areas of methamphetamine contamination and its associated costs, tenant liability for careless or accidental damage and also inspection frequency requirements.

It is important for landlords to insure chattels such as carpet, drapes, stove and other whiteware that a tenant may be using and also to maintain a current insurance certificate if the property has a chimney. Always remember to tell your insurance company that the property is tenanted to ensure you have some cover.

Ray White property managers have access to comprehensive tenancy related insurance, so please contact us directly to find out more.

## Gardens - who is responsible?

Under the Act, gardens and lawns are to be kept in a "reasonable condition" by the tenants. Pruning trees and hedges, spraying and vine removal are the landlord's responsibility. We advise that in properties with large gardens or those that require more maintenance than usual, landlords consider the option of maintaining this as a part of the weekly rent to ensure standards are kept at an acceptable level long term.

## Can you guarantee the tenant?

We can never guarantee any approved tenant(s) for your property, however, through our training, systems and processes we do everything we can to ensure all risks are minimised.

Although it is expected and communicated as such, the paying of rent and maintaining the property cannot be guaranteed. This is a risk to landlords that comes with allowing someone to rent a property.

## How long will it take to rent my property?

The length of time it takes to secure a tenant for your property will largely come down to market demand at the time, the condition of your property and an effective marketing and pricing strategy.

If an existing tenant gives three weeks' notice (as they are entitled to do), it is highly likely that a new tenant will be secured and ready to take possession as close to the outgoing tenants date of vacating as possible.

Your property manager will do everything in their power to minimise your vacancy period, and provide you with regular feedback throughout the process.

## What is the achievable rental amount for my property?

Your property manager will advise you on what is 'fair market rent' for your property based upon their market knowledge, current levels of market demand, the area, comparable properties and statistical data.



## What happens if a tenant misses a rent payment?

An arrears report is generated daily through our system highlighting any payments that have not been received.

Your property manager will then follow their office arrears policy - which typically involves immediate contact with the tenant to determine why the payment is late and constant communication until the debt is paid. This may also include the sending of a 14 day Notice to Remedy for arrears, and the lodgement of a Tenancy Tribunal case if the arrears are not cleared immediately.

If you would like further information, please ask your property manager for a copy of their arrears policy.

## How often can my rent be increased?

Rent increases can only occur once every 12 months, and any rent increase cannot occur within 12 months of the tenancy start date, or within 12 months of the last increase.

Your property manager will advise of a suitable rental figure before any new advertising begins and is also responsible for regular rent reviews on existing tenancies to ensure your return is always maximised.

## What's the rule around pets at my property? (if permitted)

If permission is granted for a tenant to keep a pet at the property, your property manager will ensure the following criteria and obligations are met:

- No additional pet other than that already agreed in the tenancy agreement may occupy the property
- The pet must be removed from the property if it becomes bothersome to the neighbours and affects the quiet peace and enjoyment of surrounding properties (after reasonable warning has been given in writing)
- The tenant is responsible for any damage caused by their pet.

## Pest control services - who's responsible?

Depending on the circumstances and level of infestation, the onus is on the landlord to provide adequate pest control services either by providing the appropriate bait or employing the services of a pest control company. In the case where a tenant has likely caused or influenced an infestation, your property manager will seek the cost back from the tenant. However, this situation is best assessed on a case-by-case basis and needs to be proven in order to claim back any compensation.



# Notes

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This Landlord Information Guide has been prepared by Ray White (Real Estate) Limited Licensed (REAA 2008) as a guide for property owners and investors.

Our employees, agents and associates believe that the information and material contained in this handbook is correct at the time of printing however we do not guarantee or warrant the accuracy or currency of that information and material.

To the maximum extent permitted by law, employees, agents and associates disclaim all responsibility for any loss or damage which any person may suffer from reliance on the information and material contained in this document or any opinion, conclusion or recommendation in the information and material whether the loss or damage is caused by the fault or negligence on the part of our employees, agents and associates or otherwise.

The information pertaining to the law in this document is intended only as a summary and general overview on matters of interest.

It is not intended to be comprehensive nor does it constitute legal advice. Many factors unknown to us may affect the applicability of any statement or comment that we make to your particular circumstances and consequently, you should seek appropriate legal advice from a qualified legal practitioner before acting or relying on any of the information contained in this document.

The information contained in this document is of a general nature and does not take into account your objectives, financial situation or needs. Before acting on any of the information you should consider its appropriateness, having regard to your own objectives, financial situation and need.

All information presented is correct at the time of printing (June 2023).

Ray White\_Know How  
to help landlords achieve  
their financial goals



[raywhite.co.nz](http://raywhite.co.nz)